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For information

Greeting Card and related Operations**

Financial report and statements for the year ended 30 April 1997

Summary

This document presents the results of UNICEF Greeting Card and related Operations (GCO) for the year ended 30 April 1997.

The net operating income from the sale of UNICEF greeting cards and other products was $68.8 million, representing a 42.2 per cent return on gross proceeds and a decrease of $7.7 million (10.1 per cent) compared to 1995. In 1996, 158 million cards were sold, the same as in 1995. However, gross proceeds decreased by $3.5 million (2.1 per cent), from $166.5 million in 1995 to $163.0 million in 1996.

The net operating income from private sector fund-raising activities was $91.6 million, a decrease of $1.6 million (1.7 per cent) compared to 1995. With this decrease in net operating income from private sector fund-raising activities, and after allowing for other charges of $1.9 million for the Market Development Programme, $6.5 million for the Fund-raising Development Programme, $0.1 million for exhibits and $0.7 million for the Central and Eastern European National Committees Development Programme, GCO, in 1996, achieved a net operating income of $151.2 million, a decrease of $7.9 million, or 5.0 per cent lower when compared to 1995.

After allowing for an unfavourable exchange rate adjustment of $11.3 million, prior years' favourable adjustment of $0.3 million and office move- related expenses of $0.7 million, the total net income of GCO in 1996 was $139.5 million, $11.8 million (7.8 per cent) lower than in 1995. In addition, $103.1 million ($103.6 million in 1995) were raised from private sector fund-raising activities which were earmarked by partners for allocation to supplementary-funded projects.

* E/ICEF/1998/12.
** Effective 1 February 1998, GCO became the Private Sector Division.

Contents

	Paragraphs	*Page*
Foreword		3
Financial report for the year ended 30 april 1997	1-49	4
A. An overview of the results	1-4	4
B. Financial statements for the year ended 30 April 1997	5	4
Statement I. Statement of income and expenditure for the year ended 30 April 1997		5
Statement II. Statement of assets, liabilities and surplus as at 30 April 1997		6
Statement III. Statement of the results for the year ended 30 April 1997 compared with the approved budget		7
C. Notes to the financial statements	6-49	8

Annexes

I-A.	Gross proceeds GCO products by region, 1995-1996: national committees	20
I-B.	Gross proceeds GCO products by region, 1995-1996: UNICEF field offices	21
II.	Net proceeds from private sector fund-raising - 1996 compared to 1995	22

Foreword

I am pleased to report that in 1996 the Greeting Card and related Operations (GCO) were able to achieve a net contribution to UNICEF general resources income of $139.5 million and a sales volume of 158 million cards.

This success is due to the work of hundreds of thousands of individuals around the world. Our thanks go to the National Committees for UNICEF and other cooperating groups whose staff and volunteers sold UNICEF cards and other products; to the hundreds of artists, museums and art collectors whose works were made available, at no charge, for greeting card designs; and to the millions of individuals who purchased UNICEF cards and other products and who donated their time and money to the cause of UNICEF throughout the year. Equally important, the above achievements became possible because of the successful fund-raising efforts undertaken by the National Committees for UNICEF and UNICEF field offices, and the millions world wide who responded with their individual contributions.

(signed) Carol Bellamy
Executive Director

Financial report for the year ended 30 april 1997

A. An overview of the results

1. The total net income contribution to UNICEF general resources from GCO activities was $139.5 million. This compares with $151.3 million in 1995, a decrease of $11.8 million (7.8 per cent). The contribution consists of $68.8 million net operating income from the sale of UNICEF greeting cards and other products; $91.5 million net operating income from private sector fund-raising activities; and other charges and adjustments. These other charges and adjustments include Market Development Programme (MDP) expenditure ($1.9 million), Fund-raising Development Programme (FDP) expenditure ($6.5 million), Central and Eastern European National Committees Development Programme expenditure ($0.7 million), exhibits ($0.1 million), unfavourable exchange rate adjustment ($11.3 million), prior years' adjustments ($0.3 million) and office move-related expenses ($0.7 million).

2. A total of 158 million cards were sold in 1996, the same as in 1995. While the card sales volume remained the same, gross proceeds decreased from $166.5 million in 1995 to $163.0 million in 1996, due primarily to the impact of unfavourable exchange rates.

3. The net operating income from the sale of UNICEF greeting cards and other products in 1996 was $68.8 million (42.2 per cent return on gross proceeds), a decrease of $7.7 million (10.1 per cent) compared to 1995.

4. The net operating income from private sector fund-raising activities related to general resources was $91.5 million in 1996, a decrease of $1.6 million (1.7 per cent). In addition, $103.1 million ($103.6 million in 1995) were raised from private sector fund-raising activities which were earmarked, by partners, for allocation to supplementary-funded projects.

B. Financial statements for the year ended 30 April 1997

5. The three financial statements that follow are supported by the notes to the financial statements, including a summary of significant accounting policies (paras. 7-15), which are considered an integral part of the financial report.

STATEMENT I

Statement of income and expenditure for the year ended 30 April 1997

(In thousands of United States dollars)

	Note	1996 season 1 May 1996 - 30 April 1997	%	1995 season a/ 1 May 1995 - 30 April 1996	%	Increase/(decrease)	%
Gross proceeds - GCO products	3	162,961	100.0	166,467	100.0	(3,506)	(2.1)
Less: Retention/commissions and direct expenses at field offices	4	41,538	25.5	42,073	25.3	(535)	(1.3)
Net proceeds		121,423	74.5	124,394	74.7	(2,971)	(2.4)
Less: Cost of goods delivered	5	34,815	21.4	32,655	19.6	2,160	6.6
		86,608	53.1	91,739	55.1	(5,131)	(5.6)
Less: Operating costs	6	24,142	14.8	22,966	13.8	1,176	5.1
Provision for uncollectible accounts receivable	7	577	0.4	547	0.3	30	5.5
		61,889	38.0	68,226	41.0	(6,337)	(9.3)
Add: Other income	8	6,918	4.2	8,321	5.0	(1,403)	(16.9)
Net operating income - GCO products	9	68,807	42.2	76,547	46.0	(7,740)	(10.1)
Net operating income - Private sector fund-raising a/	10	91,548		93,173		(1,625)	(1.7)
Less: Other charges							
Market Development Programme	11	1,879		2,199		(320)	(14.6)
Fund-raising Development Programme	12	6,473		6,978		(505)	(7.2)
Exhibits	13	135		158		(23)	(14.6)
Central and Eastern European National Committees Development Programme	14	702		1,278		(576)	(45.1)
Total net operating income	15	151,166		159,107		(7,941)	(5.0)
Less: Exchange rate adjustment	16	11,278		3,233		8,045	248.9
Prior years' adjustments (gain)	17	(265)		4,562		(4,827)	(105.8)
Office move-related costs	18	681		0		681	100.0
Total net income	19	139,472		151,312		(11,840)	(7.8)
Number of cards sold (millions)		158		158		0	0.0

The accompanying notes form an integral part of this statement and should be read in conjunction with it.

a/ Excluding $103.1 million allocated to supplementary funds, compared to 103.6 million in 1995 (see para. 28). This is shown in the UNICEF financial report.

Ellen Yaffe, Comptroller
(Signed)

Carol Bellamy, Executive Director
(Signed)

STATEMENT II

Statement of assets, liabilities and surplus as at 30 April 1997

(In thousands of United States dollars)

	Note	As at 30 April 1997		As at 30 April 1996		Increase/(decrease)	
ASSETS							
Cash	20		1,128		1,718		(590)
Accounts receivable	21	180,484		210,175		(29,691)	
Less: Allowance for exchange rate fluctuation and uncollectible accounts		18,955		21,375		(2,420)	
Net accounts receivable	22		161,529		188,800		(27,271)
Inventory	23		18,707		21,853		(3,146)
Prepaid expenses	24		249		253		(4)
Capital assets, net of accumulated depreciation	25		1,306		1,950		(644)
TOTAL ASSETS			182,919		214,574		(31,655)
LIABILITIES							
Accounts payable	26	7,795		8,270		(475)	
Inter-office account	27	35,652		54,992		(19,340)	
TOTAL LIABILITIES			43,447		63,262		(19,815)
SURPLUS	28		139,472		151,312		(11,840)
TOTAL LIABILITIES AND SURPLUS			182,919		214,574		(31,655)

Ellen Yaffe, Comptroller
(Signed)

Carol Bellamy, Executive Director
(Signed)

STATEMENT III
Statement of the results for the year ended 30 April 1997 compared with the approved budget (In millions of United States dollars)

	Actual	Approved budget a/	Variance Increase (decrease) $	Variance Increase (decrease) %
Income				
Gross proceeds - GCO products	163.0	170.0	(7.0)	(4.1)
Less: National Committees' retention	35.2	36.2	(1.0)	(2.8)
Net proceeds	127.8	133.8	(6.0)	(4.5)
Add: Other income	6.9	6.5	0.4	6.2
Total net proceeds - GCO products	134.7	140.3	(5.6)	(4.0)
Net proceeds - private sector fund-raising	98.7	125.0	(26.3)	(21.0)
Total income	233.4	265.3	(31.9)	(12.0)
Expenditures				
Director's Office	0.5	0.8	(0.3)	(37.5)
Product Line and Marketing	52.8	58.8	(6.0)	(10.2)
Market Development Programme	1.9	4.0	(2.1)	(52.5)
Private Sector Fund-raising	7.1	10.5	(3.4)	(32.4)
Fund-raising Development Programme	6.5	7.8	(1.3)	(16.7)
Operations and Finance	11.8	14.4	(2.6)	(18.1)
Exhibits	0.1	0.2	(0.1)	(50.0)
Office move-related costs	0.7	0.7	-	-
GCO share in UNICEF administrative costs	0.2	0.3	(0.1)	(33.3)
Central and Eastern European National Committees Development Programme	0.7	1.4	(0.7)	(50.0)
Total expenditures	82.3	98.9	(16.6)	(16.8)
Total net income before adjustments	151.1	166.4	(15.3)	(9.2)
Adjustments				
Provision for doubtful accounts	0.6	-	0.6	-
Exchange rate adjustments	11.3	-	11.3	-
Prior years' adjustments	(0.3)	-	(0.3)	-
Total net income after adjustments - general resources	139.5	166.4	(26.9)	(16.2)
Add: Supplementary funds - private sector fund-raising	103.1	120.0	(16.9)	(14.1)
Total net revenues - general resources and supplementary funds	242.6	286.4	(43.8)	(15.3)

a/ In accordance with Executive Board decision 1996/22, para.2 (E/ICEF/1996/12/Rev.1), these amounts reflect the low projection b

For details on variances between actual and the approved budget see note 29 (para. 49) .

C. Notes to the financial statements

Note 1. Objectives and activities

6. GCO, in cooperation with National Committees for UNICEF, field offices and others, raises funds for children. Consequently, this makes people aware of UNICEF activities and gives them the opportunity to be involved in its work.

Note 2. Summary of significant accounting policies

7. The accounts are maintained in accordance with the Financial Regulations and Rules of the United Nations Children's Fund and with the Financial Regulations and Rules of the United Nations Children's Fund, Special Supplement, Greeting Card Operation (E/ICEF/FINANCIAL RULES/1/Add.1).

8. The accounting period (fiscal year) of GCO is 1 May to 30 April. The accounts of GCO are incorporated into the UNICEF accounts as at 31 December. Consistent year-end cut-off procedures are in effect to incorporate GCO accounts into the UNICEF financial statements.

9. The accounting unit is the United States dollar. The equivalent in United States dollars of other currencies is established on the basis of the United Nations operational rates of exchange on the transaction date.

10. Deliveries to National Committees and other partners are recorded in local currencies converted into United States dollars at the United Nations exchange rate on the individual delivery dates. GCO gross proceeds reported in local currencies by partners are recorded in United States dollars at the resultant average exchange rates calculated on the basis of the rates used for deliveries. Actual cash collection is recorded in United States dollars at the United Nations rate in effect at the time remittances are received.

11. Assets and liabilities in currencies other than United States dollars are valued for accounting purposes at the prevailing United Nations rates of exchange. Any variance in valuation caused by fluctuation of those rates is accounted for as income or loss and included in the statement of income and expenditure under revaluation of assets and liabilities (exchange rate adjustment). An allowance of 10 per cent of non-United States dollar-denominated outstanding accounts receivable as at 30 April may be established to cover the fluctuation of exchange rates. Further, an allowance for accounts receivable that are considered doubtful for collection may be established. These allowances are shown as a deduction from the accounts receivable on the statement of assets and liabilities.

12. The inventory of raw materials, work in process, finished goods for the following campaign and goods in transit are valued at standard cost. It is GCO policy to write-down unsold cards and dated products at the end of the first sales campaign year and all other products at the end of the second sales campaign year. Products which have been written-down and carried forward are valued at their add-on cost. All publicity and promotion materials produced in the current campaign year, but relating to future campaign years, are shown at standard cost and included in inventory.

13. Capital assets costing $100,000 or more are capitalized and depreciated over their estimated useful life.

14. Liabilities are accrued in the GCO accounts following recognized accounting standards, and appropriate cut-off procedures are consistently followed.

15. Income from private sector fund-raising activities and related expenses are recorded separately in the GCO accounts.

Statement I

Note 3. Gross proceeds - GCO products

16. This shows the total sales value of all GCO products sold during the year. Sales by major product category compared to 1995 are shown below:

	(In millions of United States dollars)			
			Variance	
	1996	1995	$	%
Cards	138.4	139.8	(1.4)	(1.0)
Calendars	4.7	7.1	(2.4)	(33.8)
Stationery	7.6	5.6	2.0	35.7
Educational materials	5.8	6.8	(1.0)	(14.7)
Other products	6.5	7.2	(.7)	(9.7)
Total	163.0	166.5	(3.5)	(2.1)

17. Gross proceeds amounted to $163.0 million, a decrease of $3.5 million over 1995 (2.1 per cent). This decrease was due primarily to the impact of unfavourable exchange rates.

18. Gross proceeds by sales channel for 1996 compared to 1995 were:

	(In millions of United States dollars)			
			Variance	
	1996	1995	$	%
National Committees and other sales partners	143.3	146.8	(3.5)	(2.4)
UNICEF field offices	19.7	19.7	0	0
Total	163.0	166.5	(3.5)	(2.1)

19. A detailed analysis of gross proceeds by country/region is contained in annex I.

Note 4. Retention/commissions and direct expenses at UNICEF field offices

20. This item consists of the amounts retained by National Committees and other partners, commissions paid to consignees and direct operating expenses at UNICEF field offices. This amounted to $41.5 million, a decrease of $0.6 million (or 1.4 per cent) when compared to 1995 actual. A breakdown is given below:

	(In millions of United States dollars)			
			Variance	
	1996	1995	$	%
Retention/commissions	37.0	37.3	(0.3)	(0.8)
Field offices' expenses	4.5	4.8	(0.3)	(6.3)
Total	41.5	42.1	(0.6)	(1.4)

Note 5. Cost of goods delivered

21. The cost of goods delivered, including promotion materials, freight, duties and taxes, was $34.8 million, an increase of $2.1 million (6.4 per cent) over 1995 actual. While the cost of goods delivered increased by $1.8 million (7.9 per cent), freight, duties and taxes increased by $0.2 million (5.6 per cent). The increase in cost of goods delivered was due to the change in product mix and the increase of inventory write-down. To support National Committees' and other sales partners' outreach and growth, the cost of promotion materials in 1996 increased by $0.1 million (1.6 per cent) over 1995. Details are presented below:

	(In millions of United States dollars)			
			Variance	
	1996	1995	$	%
Cost of goods delivered	24.7	22.9	1.8	7.9
Freight, duties, tax	3.8	3.6	0.2	5.6
Promotion materials	6.3	6.2	0.1	1.6
Total	34.8	32.7	2.1	6.4

Note 6. Operating costs

22. The operating costs reflect the total operating costs of the Product Line and Marketing Group, the Operations and Finance Group and the Director's Office. In 1996, while the operating costs of both the Operations and Finance Group and the Product Line and Marketing Group increased, the costs of the Director's Office decreased. In total, they amounted to $24.1 million, an increase of $1.1 million (4.8 per cent) over 1995 actual. As a percentage of gross proceeds, operating costs were 14.8 per cent, an increase of 1.0 per cent when compared to 13.8 per cent in 1995. It should be noted that while the Operations and Finance Group and the Director's Office support both product sales and private sector fund-raising activities of GCO, the operating costs of these groups were charged in full to product sales. Details of the operating costs are summarized below:

(In millions of United States dollars)

			Variance	
	1996	1995	$	%
Product Line and Marketing	8.9	7.9	1.0	12.7
Operations and Finance	14.5	14.0	.5	3.6
Director's Office	0.7	1.1	(0.4)	(36.4)
Total	24.1	23.0	1.1	4.8

Note 7. Provision for uncollectible accounts receivable

23. The $0.6 million provision for uncollectible accounts receivable consists of accounts receivable that may become irrecoverable. It is an increase of $30,000 (5.5 per cent) over 1995. Accounts receivable deemed to be irrecoverable are written-off against the allowance for uncollectible accounts receivable account. Nevertheless, GCO continues its efforts to pursue collection of these amounts.

Note 8. Other income

24. Other income comprises the following:

(a) Income from licensed products, which includes royalties from special programmes, income from Nippon Telegraph and Telephone Corporation's Pressed Flower Telegram Programme in Japan and income from the sale of National Committee products and other items;

(b) Donations, which represent contributions generated through GCO brochures/order forms;

(c) Miscellaneous income, which includes bank interest, discounts on purchases, sale of obsolete

equipment and miscellaneous proceeds.

25. Other income in 1996 amounted to $6.9 million, a decrease of $1.4 million (16.9 per cent) over 1995. A comparison between 1996 and 1995 is presented below.

	(In millions of United States dollars)		Variance	
	1996	1995	$	%
Licensed products	4.8	5.8	(1.0)	(17.2)
Donations	1.8	2.1	(0.3)	(14.3)
Miscellaneous income	0.3	0.4	(0.1)	(25.0)
Total	6.9	8.3	(1.4)	(16.9)

Note 9. Net operating income - GCO products

26. For the 1996 campaign, the net operating income for product line and marketing was $68.8 million, a decrease of $7.7 million (10.1 per cent) over 1995. As a percentage of gross proceeds, the 1996 net operating income was 42.2 per cent, a decrease of 3.8 per cent when compared to the 46.0 per cent in 1995.

Note 10. Net operating income - private sector fund-raising

27. In 1996, private sector fund-raising activities generated for UNICEF total net proceeds of $98.7 million for general resources. This represented a decrease of $2.0 million (2.0 per cent) when compared to 1995. This decrease was due to a strong United States dollar account which had a negative impact on GCO income. For a detailed analysis of the net proceeds by country, see annex II.

28. As presented in the table below, the net operating income from private sector fund-raising activities related to general resources in 1996 amounted to $91.6 million, $1.6 million (1.7 per cent) lower than 1995. This was net of the amount retained by the National Committees; operating costs of the Private Sector Fund-raising Group, including field office expenses; and the costs related to research and development.

Net operating income - private sector fund-raising
(In thousands of United States dollars)

	1996	1995	Variance Increase (decrease) $	Variance Increase (decrease) %
Net proceeds	98 731	100 711	(1 980)	(2.0)
Operating costs				
International Professional staff	1 519	1 768	(249)	(14.1)
General Service staff	915	1 026	(111)	(10.8)
Short-term staff	52	50	2	4.0
Travel, conference and liaison	233	211	22	10.4
Support services and materials	244	308	(64)	(20.8)
Rent, equipment, supplies and freight	423	445	(22)	(4.9)
Field office expenses	2 520	2 598	(78)	(3.0)
Total operating costs	5 906	6 406	(500)	(7.8)
Research and development	1 277	1 132	145	12.8
Net operating income	91 548	93 173	(1 625)	(1.7)

29. In addition to the net operating income from private sector fund-raising activities related to general resources, $103.1 million were earmarked to various UNICEF supplementary-funded projects. This amount is shown as a footnote to statement I in this financial report and included as income in the UNICEF financial report.

30. To develop new methods and to test fund-raising campaigns in 1996, $1.3 million were spent for research and development. This amount was $0.1 million (12.8 per cent) more than 1995.

Note 11. Market Development Programme

31. In 1994, the Executive Board approved the establishment of MDP (E/ICEF/1994/13/Rev.1, decision 1994/A/9) with the goal to test and evaluate new income-generating initiatives in the area of product line and marketing. For 1996, the Executive Board approved $4.0 million (E/ICEF/1996/12/Rev.1, decision 1996/22). Through this programme, interested National Committees submitted requests for funding, and each request was supported with a complete description of the project and a short-term marketing and financial plan. Upon approval of a request, the requested amount was provided by GCO to the National Committee which, in turn, at least matched the amount provided equally and established a separate account for the transparent monitoring of the programme over the planned period. During 1996, 15 National Committees received approval for funding from MDP, with a total value of $1.9 million. For a detailed report on MDP, see the GCO work plan and budget for 1998 (E/ICEF/1998/AB/L.3 and Corr.1).

Note 12. Fund-raising Development Programme

32. To enable GCO to fulfil its mandate in private sector fund-raising activities, the Executive Board, at its 1994 session, authorized the further implementation of FDP for an additional five-year period (E/ICEF/1994/13/Rev.1, decision 1994/A/9) and, at its 1996 session, approved $7.8 million for 1996 (E/ICEF/1996/12/Rev.1, decision 1996/22). The objective of this programme was to increase the capacity of National Committees and UNICEF field offices to build a broader support base in raising funds from the private sector (see E/ICEF/1991/AB/L.6 and E/ICEF/1991/15, decision 1991/35). In 1996, the total expenditure from FDP was $6.5 million. For a detailed report on FDP, see the GCO work plan and budget for 1998 (E/ICEF/1998/AB/L.3 and Corr.1).

Note 13. Exhibits

33. This item covers the cost of producing exhibits and maintaining the Visitors' Centre at UNICEF House. In 1996, these costs were $0.1 million, a decrease of $23,000 when compared to 1995.

Note 14. Central and Eastern European National Committees Development Programme

34. In 1992, the Executive Board approved the Central and Eastern European National Committees Development Programme (E/ICEF/1992/AB/L.6 and E/ICEF/1992/14, decision 1992/40). Initially, the National Committees in this region were allowed to retain, in addition to the 25 per cent retention on gross proceeds, the remaining 75 per cent of gross proceeds as well. This increased retention was intended to cover expenditures for raising awareness, general advocacy, information dissemination, sales network expansion and donor constituency-building. According to the Executive Board-approved formula, starting in 1996, National Committees are contributing 20 per cent to UNICEF, and this rate will go up to 40 per cent in 1997, 60 per cent

in 1998 and the usual 75 per cent of the gross proceeds in 1999 and thereafter. For 1996, the actual expenditure was $0.7 million, $0.6 million lower than in 1995. This reduction was due mainly to National Committees which started contributing 20 per cent to UNICEF in 1996.

Note 15. Total net operating income

35. The total net operating income from GCO product sales and private sector fund-raising activities amounted to $151.2 million, a decrease of $7.9 million (5.0 per cent) compared to 1995. This represents GCO net operating income before non-operating charges, *inter alia*, exchange rate adjustment, prior years' adjustments and office move-related expenses.

Note 16. Exchange rate adjustment

36. This represents the net adjustment for exchange rate, including a 10 per cent provision for exchange rate fluctuations on outstanding non-United States dollar accounts receivable and the effect of the revaluation of assets and liabilities using the 30 April 1997 United Nations operational rate of exchange. The exchange rate adjustment in 1996 was a loss of $11.3 million, an unfavourable change of $8.1 million when compared to the loss of $3.2 million in 1995.

Note 17. Prior years' adjustments

37. In accordance with existing GCO accounting policy, non-recurring adjustments to proceeds and expenditures related to prior years have been recorded as prior years' adjustments. For 1996, these adjustments amounted to a favourable $0.3 million.

Note 18. Office move-related cost

38. The expenses was for the move of GCO office from 38th Street to UNICEF House.

Note 19. Total net income

39. After deducting the non-operating expenses, the total net income from product sales and private sector fund-raising activities in 1996 was $139.5 million, a decrease of $11.8 million (7.8 per cent) compared to 1995 actual.

Statement II

Note 20. Cash

40. Cash ($1.1 million) consisted of balances in GCO bank accounts and petty cash at headquarters and in field offices.

Note 21. Accounts receivable

41. Accounts receivable include amounts due from National Committees and other partners for revenues from product sales, private sector fund-raising activities and royalties and miscellaneous receivables. The gross accounts receivable as at 30 April 1997 were $180.5 million, a decrease of $29.7 million over the balance as at 30 April 1996. The decrease was due to lower income from the product sales, private sector fund-raising activities and early remittances by sales partners. Agreements with National Committees provide for payment of these balances within six months from the end of their respective fiscal years.

Note 22. Net accounts receivable

42. In accordance with GCO accounting policy (see para. 12 above), an allowance to cover accounts receivable that are considered doubtful for collection and an allowance to cover the impact of exchange rate fluctuation on accounts receivable held in non-United States dollar currencies may be established. For 1996, the total allowance for exchange rate fluctuation and estimated uncollectible accounts amounted to $19.0 million. Net accounts receivable after deducting this allowance amounted to $161.5 million.

Note 23. Inventory

43. Inventory is stated at standard cost (raw materials, work in process, finished goods and goods in transit) and, as at 30 April 1997, amounted to $18.7 million, a decrease of $3.1 million compared to the balance as at 30 April 1996. The decrease was due basically to the lower production for the 1997 season. Total inventory as at 30 April 1997 consisted of:

	(In millions of United States dollars)	
	30 April 1997	30 April 1996
Raw materials	3.4	3.7
Work in process	1.8	1.6
Finished goods	8.8	11.4
Goods in transit	4.7	5.2
Total	18.7	21.9

Note 24. Prepaid expenses

44. These represented payments made to suppliers for the production of GCO products and promotion materials for 1997 and future campaigns. Prepaid expenses as at 30 April 1997 amounted to $0.2 million, a

decrease of $4,000 compared to the balance as at 30 April 1996.

Note 25. Capital assets

45. These are stated at cost, less accumulated depreciation (see summary of capital assets as at 30 April 1997 presented below). In accordance with GCO accounting policies, capital assets costing $0.1 million or more are capitalized and depreciated over their estimated useful life. The decrease of $0.7 million in capital assets over the balance as at 30 April 1996 was due mainly to the early termination of leasehold improvements.

	(In millions of United States dollars)	
	30 April 1997	30 April 1996
Production machinery	0.9	0.8
Office equipment and leasehold improvements	1.4	2.6
Subtotal	2.3	3.4
Accumulated depreciation	(1.0)	(1.4)
Total	1.3	2.0

Note 26. Accounts payable

46. Total accounts payable as at 30 April 1997 amounted to $7.8 million, a decrease of $0.5 million compared with the balance as at 30 April 1996. Included in the total accounts payable were liabilities to suppliers and National Committees.

Note 27. Inter-office account

47. This reflects the net result of the transactions between GCO and other UNICEF offices. The balance included monies advanced as working capital to GCO. GCO earnings for each fiscal year also are transferred to UNICEF via this account.

Note 28. Surplus

48. This represents GCO earnings which are transferred to UNICEF general resources income annually. As at 30 April 1997, the surplus was $139.5 million.

Statement III

Note 29. Comparison of 1996 actual results with budget

49. The performance of GCO in 1996 compared with the approved budget is as follows:

(a) Gross proceeds from the sale of GCO products were $7.0 million, or 4.1 per cent less than budget;

(b) National Committees' retention was $1.0 million, or 2.8 per cent less than budget;

(c) Net proceeds from the sale of GCO products were $6.0 million, or 4.5 per cent less than budget;

(d) Other income was $0.4 million, or 6.2 per cent more than budget;

(e) Total net proceeds related to product sales were $5.6 million, or 4.0 per cent less than budget;

(f) Net proceeds from private sector fund-raising activities were $26.3 million, or 21.0 per cent less than budget;

(g) Total income was $31.9 million, or 12.0 per cent less than budget;

(h) Director's Office expenditures were $0.3 million, or 37.5 per cent less than budget;

(i) Expenses related to product line and marketing were $6.0 million, or 10.2 per cent less than budget;

(j) MDP expenditures were $2.1 million, or 52.5 per cent less than budget;

(k) Expenditures related to private sector fund-raising activities were $3.4 million, or 32.4 per cent less than budget;

(l) FDP expenditures were $1.3 million, or 16.7 per cent less than budget;

(m) Expenditures related to operations and finance were $2.6 million, or 18.1 per cent less than budget;

(n) The costs related to exhibits were $0.1 million, or 50 per cent less than the budget;

(o) Office move-related costs were as budgeted;

(p) The GCO share in administrative costs was $0.1 million, or 33.3 per cent less than budget;

(q) Central and Eastern European National Committees Development Programme expenditures were favourable by $0.7 million (50.0 per cent) compared to the budget;

(r) Total expenditures were $16.6 million, or 16.8 per cent less than the budget of $98.9 million;

(s) Total net income before adjustments was $15.3 million (9.2 per cent) lower than the budget of $166.4 million;

(t) The total net income after adjustments was $139.5 million, $26.9 million or 16.2 per cent less than the budget of $166.4 million;

(u) Proceeds from private sector fund-raising activities earmarked for supplementary-funded programmes were $16.9 million (14.1 per cent) less than budget;

(v) The total net revenue of $242.6 million for both general resources and supplementary funds was $43.8 million, or 15.3 per cent less than budget.

Annex I - A

GROSS PROCEEDS GCO PRODUCTS BY REGION, 1995 - 1996 : NATIONAL COMMITTEES

(In thousands of United States dollars)

Country/region	1995 Actual	1996 Actual	Variance Increase (decrease)
Canada	4,029	4,024	(5)
United States of America	10,485	9,907	(578)
Subtotal North America - Region I	14,514	13,931	(583)
Hong Kong	496	598	102
Japan	8,824	8,833	9
Republic of Korea	684	792	108
Subtotal Asia - Region III	10,004	10,223	219
Australia	1,429	1,673	244
New Zealand	227	147	(80)
Subtotal Pacific, India & Pakistan - Region IV	1,656	1,820	164
Austria	2,033	1,765	(268)
Belgium	2,920	2,536	(384)
Denmark	2,352	2,248	(104)
Finland	2,813	2,441	(372)
France	21,873	20,725	(1,148)
Germany	28,929	28,289	(640)
Greece	3,055	2,948	(107)
Ireland	435	422	(13)
Italy	10,542	12,228	1,686
Luxembourg	912	889	(23)
Netherlands	8,765	7,344	(1,421)
Norway	2,075	1,882	(193)
Portugal	2,342	2,542	200
Spain	13,567	14,123	556
Sweden	1,972	1,702	(270)
Switzerland	8,109	7,179	(930)
Turkey	1,593	1,335	(258)
United Kingdom	2,444	2,157	(287)
Central and Eastern European countries	3,545	3,869	324
Other countries	349	677	328
Subtotal Europe - Region IV	120,625	117,301	(3,324)
Total all regions - National Committees	146,799	143,275	(3,524)

Annex I - B
GROSS PROCEEDS GCO PRODUCTS BY REGION, 1995 - 1996 : UNICEF FIELD OFFICES

(In thousands of United States dollars)

Country/region	1995 Actual	1996 Actual	Variance Increase (decrease)
Argentina	1,005	837	(168)
Brazil	4,887	5,544	657
Chile	156	194	38
Colombia	1,320	1,177	(143)
Ecuador	386	445	59
Mexico	725	870	145
Peru	708	846	138
Uruguay	367	363	(4)
Venezuela	202	233	31
Other Countries	1,064	1,269	205
Subtotal Latin America & Caribbean - Region II	10,820	11,778	958
Indonesia	482	405	(77)
Malaysia	69	108	39
Philippines	452	547	95
Singapore	173	213	40
Thailand	281	342	61
Other Countries	714	328	(386)
Subtotal Asia Region - III	2,171	1,943	(228)
India	1,957	1,619	(338)
Pakistan	274	276	2
Other countries	18	23	5
Subtotal Pacific, India & Pakistan - Region IV	2,249	1,918	(331)
Morocco	464	432	(32)
Nigeria	333	421	88
Other Countries	3,630	3,194	(436)
Subtotal Africa, Middle East & N. Africa - Region VI	4,427	4,047	(380)
Total all regions - Field offices	19,667	19,686	19
Total all regions - National Committees	146,799	143,275	(3,524)
Total gross proceeds	166,466	162,961	(3,505)

Annex II

NET PROCEEDS FROM PRIVATE SECTOR FUND-RAISING - 1996 COMPARED TO 1995
(In United States dollars)

	1996			1995			Variance Increase (decrease)		
	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total
National Committees									
Australia		1,037,063	1,037,063		583,306	583,306		453,757	453,757
Austria	1,263,294	692,360	1,955,654	1,114,565	846,692	1,961,257	148,729	(154,332)	(5,603)
Belgium	2,580,100	531,608	3,111,708	2,775,147	793,225	3,568,372	(195,047)	(261,617)	(456,664)
Cyprus	11,272		11,272	16,341		16,341	(5,069)		(5,069)
Czech Republic	17,394		17,394						
Denmark	191,557	343,465	535,021	145,672	70,748	216,420	45,885	272,717	318,601
Estonia	4,418		4,418						
Finland	398,964	1,456,195	1,855,159		1,473,509	1,473,509	398,964	(17,314)	381,650
France	12,273,684	2,718,049	14,991,734	13,099,905	2,054,267	15,154,172	(826,221)	663,782	(162,438)
Germany	10,470,439	24,078,762	34,549,201	17,789,471	20,507,240	38,296,711	(7,319,032)	3,571,522	(3,747,510)
Greece	797,549	255,321	1,052,870	910,862	172,450	1,083,312	(113,313)	82,871	(30,442)
Hong Kong	3,078,106	936,640	4,014,746	2,696,277	1,393,749	4,090,026	381,829	(457,109)	(75,280)
Hungary	6,237		6,237		10,274	10,274	6,237	(10,274)	(4,037)
Ireland	170,456		170,456	246,141		246,141	(75,685)		(75,685)
Italy	11,015,964	3,089,527	14,105,491	8,773,606	4,277,106	13,050,712	2,242,358	(1,187,579)	1,054,779
Japan	26,212,653	5,803,364	32,016,017	23,748,467	9,334,577	33,083,044	2,464,186	(3,531,213)	(1,067,027)
Luxembourg	207,818	189,399	397,217	200,581	485,643	686,224	7,237	(296,244)	(289,007)
Monaco	99,692		99,692				99,692		99,692
Netherlands	18,841,677	12,351,995	31,193,672	17,135,731	13,521,681	30,657,412	1,705,946	(1,169,686)	536,260
New Zealand				76,987	45,182	122,169	(76,987)	(45,182)	(122,169)
Norway	6,541	670,759	677,300	41,535	25,009	66,544	(34,994)	645,750	610,756
Poland	23,077		23,077	45,294		45,294	(22,217)		(22,217)
Portugal	451,455	3,896	455,351	793,974	6,981	800,955	(342,519)	(3,085)	(345,604)
Republic of Korea	2,215,466	571,541	2,787,007	2,394,385	610,713	3,005,098	(178,919)	(39,172)	(218,091)
Republic of Moldova		7,670	7,670					7,670	7,670
Romania	9,911		9,911	9,534		9,534	377		377
Slovakia	27,161	62	27,223	751		751	26,410	62	26,472
Slovenia		33,834	33,834		9,231	9,231		24,603	24,603
Spain	3,360,061	13,954,261	17,314,322	3,127,637	13,562,523	16,690,160	232,424	391,738	624,162
Sweden	531,713	120,216	651,929	362,857	644,885	1,007,742	168,856	(524,669)	(355,813)
Switzerland	4,245,121	2,345,983	6,591,103	4,887,242	3,911,053	8,798,295	(642,121)	(1,565,070)	(2,207,192)
Turkey	19,321	34,424	53,745	12,163	38,679	50,842	7,158	(4,255)	2,903
United Kingdom	149,552	7,935,411	8,084,963		9,719,605	9,719,605	149,552	(1,784,194)	(1,634,642)
United States		10,745,474	10,745,474		8,402,110	8,402,110		2,343,364	2,343,364
	98,680,552	89,907,279	188,587,931	100,405,126	92,500,438	192,905,564	(1,724,474)	(2,593,159)	(4,317,633)

Annex II (continued)

	1996			1995			Variance Increase (decrease)		
	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total
Field offices									
Argentina		1,418,843	1,418,843		1,672,782	1,672,782	0	(253,939)	(253,939)
Brazil		9,376,555	9,376,555		9,308,462	3,308,462	0	68,093	68,093
Burkina Faso							0	0	0
Cameroon				6,312		6,312	(6,312)	0	(6,312)
Chile		29,845	29,845				0	32,836	32,836
Colombia		32,836	32,836		9,583	9,583	0	42,209	42,209
Ecuador		51,792	51,792			2,893	(2,893)	0	(2,893)
Malaysia			0	2,893			0	3,664	3,664
Madagascar		8,762	8,762		5,098	5,098	(223,267)	278,741	55,474
Mexico	30,409	278,741	309,150	253,676		253,676	0	0	0
Morocco									
Niger	3,487		3,487	3,487		3,487			
Nigeria		23,860	23,860						
Panama		6,350	6,350						
Pakistan		8,252	8,252						
Peru		67,514	67,514		116,432	116,432	0	(48,918)	(48,918)
Philippines		742,537	742,537						
Singapore	13,608		13,608	37,187	853	38,040	(23,579)	(853)	(24,432)
Syrian Arab Republic	2,968		2,968						
Thailand		970,175	970,175				0	970,175	970,175
Venezuela		137,350	137,350	2,106	3,380	5,488	(2,108)	133,970	131,862
	50,472	13,153,412	13,203,884	305,662	11,116,589	11,422,251	(255,190)	2,036,823	1,781,633
Total net proceeds	98,731,125	103,060,691	201,791,816	100,710,788	103,617,027	204,327,815	(1,979,663)	(556,336)	(2,536,000)